

Message Text

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INFORM CONSULS

E.O. 11652: N/A

TAGS: PFOR, OAS, CU

SUBJECT: PRESS GUIDANCE ON THE LIFTING OF THIRD-COUNTRY
RESTRICTIONS AGAINST CUBA

1. THE STATE DEPARTMENT SPOKESMAN MADE THE FOLLOWING
ANNOUNCEMENT AT THE NOON BRIEFING TODAY, AUGUST 21:

"THE ORGAN OF CONSULTATION OF THE OAS, ACTING UNDER THE RIO
TREATY, ADOPTED A RESOLUTION ON JULY 29 WHICH ALLOWS EACH
MEMBER STATE TO DETERMINE FOR ITSELF THE NATURE OF ITS
ECONOMIC AND DIPLOMATIC RELATIONS WITH THE GOVERNMENT OF
CUBA. THAT ACTION GREW OUT OF AN EARLIER DECISION BY THE
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MEMBERS OF THE OAS, ON JULY 25, TO ADOPT A PROTOCOL OF
AMENDMENT TO THE RIO TREATY WHICH, ONCE RATIFIED, WILL LIFT
SANCTIONS BY A SIMPLE MAJORITY VOTE.

"IN KEEPING WITH THIS ACTION BY THE OAS, THE U.S. IS MODIFY-
ING THE ASPECTS OF OUR CUBAN DENIAL POLICY WHICH AFFECTS
OTHER COUNTRIES. EFFECTIVE TODAY, AUGUST 21, 1975, IT WILL
BE U.S. POLICY TO GRANT LICENSES PERMITTING TRANSACTIONS
BETWEEN U.S. SUBSIDIARIES AND CUBA FOR TRADE IN FOREIGN-
MADE GOODS WHEN THOSE SUBSIDIARIES ARE OPERATING IN
COUNTRIES WHERE LOCAL LAW OR POLICY FAVORS TRADE WITH CUBA.
SPECIFIC LICENSES WILL CONTINUE TO BE REQUIRED IN EACH CASE
AND THEY WILL REMAIN SUBJECT TO REGULATIONS CONCERNING
U.S. ORIGIN PARTS, COMPONENTS, STRATEGIC GOODS AND TECHNO-
LOGY.

"IN ORDER TO CONFORM FURTHER WITH THE OAS ACTION, WE ARE
TAKING APPROPRIATE STEPS SO THAT EFFECTIVE IMMEDIATELY
COUNTRIES WHICH ALLOW THEIR SHIPS OR AIRCRAFT TO CARRY
GOODS TO AND FROM CUBA ARE NOT PENALIZED BY LOSS OF U.S.
BILATERAL ASSISTANCE. WE ARE INITIATING STEPS TO MODIFY
REGULATIONS WHICH DENY BUNKERING IN THE UNITED STATES TO
THIRD COUNTRY SHIPS ENGAGED IN THE CUBA TRADE. WE WILL
ALSO SEEK LEGISLATION TO ELIMINATE SIMILAR RESTRICTIONS
ON TITLE I, PL 480 FOOD SALES TO THIRD COUNTRIES." (END
ANNOUNCEMENT).

2. THE FOLLOWING QUESTIONS AND ANSWERS WERE PREPARED AS
BACKGROUND GUIDANCE FOR THE SPOKESMAN.

Q: IS THE LIFTING OF SANCTIONS INTENDED, AT LEAST IN
PART, AS A SIGN TO THE CUBANS OF OUR DESIRE TO IMPROVE
RELATIONS BETWEEN THEM AND OURSELVES?

A: THE DECISION SHOULD BE SEEN WITHIN THE CONTEXT OF THE
INTER-AMERICAN SYSTEM. THE OAS RECENTLY RESOLVED THAT
EACH OAS MEMBER SHOULD BE FREE TO WORK OUT RELATIONS WITH
CUBA WHICH BEST CORRESPOND TO ITS PARTICULAR NATIONAL
INTERESTS. IT WOULD BE INCONSISTENT WITH OUR VOTE ON THE
SAN JOSE RESOLUTION TO RETAIN RESTRICTIONS THAT PENALIZE
OTHER COUNTRIES FOR EXERCISING THEIR FREEDOM OF CHOICE.

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Q: IS THIS THE RESULT OF CONGRESSIONAL PRESSURE?

A: WE ARE, OF COURSE, ALWAYS COGNIZANT OF CONGRESSIONAL
SENTIMENT. OUR ACTION TODAY IS A LOGICAL SEQUENCE TO OUR
VOTE IN SAN JOSE, OF WHICH CONGRESS HAS BEEN INFORMED.

Q: WHAT IS THE RATIONALE FOR LIFTING THIRD COUNTRY
SANCTIONS NOW WHEN THE U.S. HAS NOT EVEN BEGUN ITS
"SERIOUS EXCHANGES" WITH CUBA?

A: NOW THAT THE OAS HAS RESOLVED THAT EACH OF ITS MEMBERS
SHOULD BE FREE TO CONDUCT ITS BILATERAL RELATIONS WITH
CUBA AS IT SEES FIT, WE BELIEVE IT WOULD BE INCONSISTENT

WITH THIS DECISION TO MAINTAIN RESTRICTIONS THAT PENALIZE
HER COUNTRIES WHICH EXERCISE THEIR FREEDOM OF CHOICE.
VIEW THE THIRD COUNTRY RESTRICTIONS ISSUE IN TERMS OF
OUR RELATIONS WITH THIRD COUNTRIES RATHER THAN OF-OUR
RELATIONS WITH CUBA.

Q: WOULD LIFTING OF THIRD COUNTRY SANCTIONS PERMIT THE
RESUMPTION OF TRADE BY U.S. COMPANIES FROM THE U.S. TO
CUBA?

A: A CHANGE IN THE THIRD COUNTRY SANCTIONS POLICY HAS NO
DIRECT RELATIONSHIP TO U.S.-CUBA TRADE. THAT IS A SEPAR-
ATE ISSUE WHICH WILL HAVE TO BE RESOLVED IN THE CONTEXT
OF DISCUSSIONS BETWEEN THE U.S. AND CUBA.

Q: EXPLAIN WHAT LIFTING OF "THIRD COUNTRY RESTRICTIONS"
ACTUALLY MEANS IN TERMS OF OUR TRADE, AND THAT OF OTHER
NATIONS -- ARE THERE STILL RESTRICTIONS REMAINING?

A: THE THIRD COUNTRY SANCTIONS ISSUE WOULD NOT AFFECT
U.S. TRADE WITH CUBA. THE RESTRICTIONS AGAINST DIRECT
U.S. TRADE WITH CUBA REMAIN IN FORCE.

AS TO TRADE OF U.S. SUBSIDIARIES IN THIRD COUNTRIES,
SPECIFIC LICENSES WILL STILL BE REQUIRED IN EACH CASE AND
THEY WILL REMAIN SUBJECT TO REGULATIONS CONCERNING U.S.
ORIGIN PARTS, COMPONENTS, STRATEGIC GOODS AND TECHNOLOGY.

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Q: CAN YOU GIVE US A RUN-DOWN UNDER WHAT LEGISLATION OR
REGULATIONS TRADE WITH CUBA WAS RESTRICTED?

A: TRADE WITH CUBA HAS BEEN GOVERNED BY THE EXPORT
ADMINISTRATION REGULATIONS (COMMERCE) ISSUED PURSUANT TO
THE EXPORT ADMINISTRATION ACT OF 1969 AND ITS PREDECESSOR
ACT, THE EXPORT CONTROL ACT OF 1949, AND BY THE FOREIGN
ASSETS CONTROL REGULATIONS (TREASURY) ISSUED PURSUANT TO
THE TRADING WITH THE ENEMY ACT. SECTION 620 (A).(1) OF
THE FOREIGN ASSISTANCE ACT AUTHORIZES THE PRESIDENT TO
MAINTAIN A TOTAL EMBARGO UPON ALL TRADE WITH CUBA.

Q: WHAT DOES "THIRD COUNTRY SANCTIONS" ENCOMPASS? (PL
480, FOREIGN SHIPS BUNKERING IN U.S. PORTS, EXPORTS OF
U.S. SUBSIDIARIES LOCATED ABROAD TO CUBA? WHAT MORE?)

A: THIRD COUNTRY RESTRICTIONS DO NOT PERMIT TRADE WITH
CUBA BY U.S. SUBSIDIARIES ABROAD, BUNKERING OF FOREIGN
FLAG SHIPS IN THE CUBAN TRADE, AND SUSPENSION OF AID
OR PL 480, TITLE I SALES TO COUNTRIES THAT ALLOW THEIR
SHIPS TO CARRY GOODS TO AND FROM CUBA. OTHER THIRD
COUNTRY RESTRICTIONS AFFECT FOREIGN COMPANIES USING U.S.

ORIGIN PARTS AND COMPONENTS AND THE DENIAL TO SHIPS CALLING AT CUBAN PORTS OF THE RIGHT TO CARRY U.S. GOVERNMENT FINANCED GOODS OUT OF U.S. PORTS (NSAM 220).

Q: IN ORDER TO ELIMINATE THE THIRD COUNTRY RESTRICTIONS, WHAT CHANGES IN THE REGULATIONS CAN EFFECTIVELY BE UNDERTAKEN BY THE EXECUTIVE, AND WHAT LEGISLATIVE CHANGES WOULD YOU REQUIRE OF THE CONGRESS?

A: THE CHANGES WE ARE CURRENTLY MAKING CAN BE MODIFIED BY EXECUTIVE ACTION. THE EXCEPTION IS PL 480, WHERE WE ARE SEEKING LEGISLATIVE ACTION.

FYI: LEGISLATIVE ACTION IS NEEDED TO BROADEN THE WAIVER AUTHORITY IN PL 480.

Q: EXPLAIN THE U.S. LICENSING PROCEDURES, AND WHAT WERE THE POLICIES GUIDING THE ISSUANCE OR REJECTION OF LICENSE
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APPLICATIONS?

A: THE COMMERCE AND TREASURY REGULATIONS PROHIBIT ALL UNLICENSED TRANSACTION BETWEEN U.S. FIRMS HERE AND ABROAD WITH CUBA. OUR GENERAL POLICY HAS BEEN NOT TO ISSUE LICENSES FOR ANY TRANSACTION EXCEPT FOR HUMANITARIAN REASONS. WE HAVE MADE OCCASIONAL EXCEPTIONS ABROAD AND FOR SHIPMENTS TO FOREIGN EMBASSIES IN CUBA.

Q: CAN YOU GIVE US THE BACKGROUND FOR THE PROHIBITION OF SHIPMENTS OF FOOD AND MEDICINE?

A: OUR POLICY HAS BEEN TO PROHIBIT ALL COMMERCIAL TRANSACTIONS WITH CUBA. WE HAVE CONSIDERED SOME EXCEPTIONS TO THE EMBARGO IN INSTANCES WHEN FOOD OR MEDICINES ARE NOT AVAILABLE OUTSIDE THE U.S. FOR EXAMPLE, IN 1974 WE APPROVED LICENSES FOR ANTI-CANCER DRUGS SINCE THEY COULD NOT BE PURCHASED FROM NON-U.S. SOURCES.

Q: HAVE SHIPMENTS BEEN LICENSED FOR FOOD AND MEDICINE, AND IN WHAT QUANTITIES HAVE THEY BEEN SHIPPED TO CUBA?

A: AS INDICATED IN THE ABOVE ANSWER, WE APPROVED ANTI-CANCER DRUGS. WE ALSO PERMIT GIFT PARCELS TO BE SENT TO CUBA. THESE NORMALLY CONTAIN FOOD, MEDICINE, AND CLOTHING. IN THE 12 MONTHS ENDING JUNE 30, 1975 GIFT PARCEL LICENSES APPROVED WERE VALUED AT DOLS 5.8 MILLION.

Q: WHICH COUNTRIES WOULD BE MOST AFFECTED BY LIFTING OF THIRD COUNTRY RESTRICTIONS?

A: ARGENTINA, MEXICO, CANADA, SPAIN AND BELGIUM APPEAR TO BE THE COUNTRIES WHERE U.S. SUBSIDIARIES ARE MOST ACTIVE IN TRADE WITH CUBA. NATIONS WHOSE SHIPS ARE IN THE CUBA TRADE WILL BE AFFECTED WITH REGARD TO OTHER RESTRICTIONS (I.E., BUNKERING IN U.S. PORTS AND U.S. ASSISTANCE).

Q: WHEN WILL THIS EXECUTIVE ACTION BE TAKEN?

A: WE ARE IN THE PROCESS OF IMPLEMENTING IT NOW.

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Q: DID FOREIGN GOVERNMENTS PROTEST THE IMPOSITION OF THIRD COUNTRY SANCTIONS? DID ARGENTINA, CANADA OR OTHER COUNTRIES PUT PRESSURE ON US?

A: YES. ARGENTINA, CANADA AND OTHER COUNTRIES HAVE URGED US TO LIFT OUR RESTRICTIONS ON U.S. SUBSIDIARIES TRADING WITH CUBA. THE PROHIBITION OF AID FOR COUNTRIES THAT LET THEIR SHIPS TRADE WITH CUBA HAS ALSO ARISEN ON A FEW OCCASIONS.

Q: WILL U.S. SUBSIDIARY BANKING OR FINANCIAL INSTITUTIONS BE ABLE TO ENGAGE IN FINANCIAL TRANSACTIONS WITH CUBA?

A: THE GENERAL RULE WILL BE NOT TO ALLOW ANY FINANCIAL ASSISTANCE TO CUBA BY AMERICAN SUBSIDIARY FINANCIAL INSTITUTIONS. WHETHER IN A PARTICULAR INSTANCE A TRANSACTION INVOLVES FINANCIAL ASSISTANCE TO CUBA, IS SOMETHING THAT WILL HAVE TO BE DETERMINED ON AN AD HOC BASIS.

FYI: THE QUESTION OF COMPONENTS IS A TRICKY ONE. THERE WILL BE SOME RESTRICTION BECAUSE WE DO NOT WANT U.S. SUBSIDIARIES TO BECOME A VEHICLE FOR TRANSSHIPMENT OF ITEMS WHICH REMAIN RESTRICTED. MAW

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